

Mayor Warren's FY13 Budget Address
Delivered Tuesday, April 17, 2012

Since taking office as your Mayor, I've understood that submitting a budget is not purely an accounting exercise. It really reflects our community priorities, values and vision. The beacon of progress that Newton is today, leading the commonwealth in innovation, education, public safety and rich vibrant community life, is the result of my administration's commitment to the excellence in governance for which Newton had been known in the past. As I shared in January during this year's State of the City, our team at city hall has adopted an approach that influences the decisions we make every day — that governance in our city must be innovative, effective and efficient and inspire partnership and confidence; we must be transparent and spend every taxpayer dollar wisely; we must prioritize our most important needs; education and public safety. And we must provide leadership in government that gives people opportunity and brings about a better quality of life for all.

When I campaigned for Mayor back in 2009, I saw a city that was not living up to its full potential and in troubled financial waters. We were a community divided with no clear financial path for the future, drawing down on its "capital stabilization fund" and not building any reserves. Expenditures in health care and compensation were out-pacing revenue growth at a 4.4% expenditure rate and 2.5% revenue growth. This resulted in layoffs of positions the city and schools needed and an erosion of the quality of services across the board.

Our city had not assessed our municipal buildings in many years and did not have a comprehensive capital plan that included and prioritized all of its infrastructure. As a result Newton had not been investing properly in maintenance and infrastructure over time which was costing residents millions of dollars.

Our city did not have accountability or performance measures in place so that we had a pathway to improve the quality of our city services

And our city was not proactive in promoting robust economic development where we could to improve the quality of life in Newton as well as increase our tax base.

Since being sworn in in January 2010, my administration has worked with laser like focus to deliver on the promises made to bring Newton back to its prominence in leading the state in governance. We have worked to ensure long-term financial sustainability, excellence in education and public safety, a vibrant, diverse community life, improved capital infrastructure, environmental sustainability, robust economic development, and excellent community engagement.

On March 30th, Moody's investors service assigned an Aaa rating and stable outlook to the city of Newton. They explained the Aaa bond rating by saying and I quote, "The stable outlook recognizes the city's improving financial position, conservative forecasting in five year operating and capital plans and implementation of comprehensive financial policies." The report goes on to say, "Zero based budgeting and strategic expenditure re-allocations have allowed Newton's new administration to maintain balanced operations while addressing shifting short- and long-term priorities"

We have worked hard together to make sure our city is once again on the right financial and operational path. My administration has employed five strategies that I committed to during my campaign for Mayor. We've implemented zero based budgeting to save 8 million dollars over two budget cycles and protect education, public safety and other critical city services. We have had a robust economic development approach that has resulted in additional development in Newton, including the successful Chestnut Hill Square project and major road improvements on Rte. 9. We instituted performance management that has improved efficiency and accountability in city government including our online 311 system where over 11,000 service requests have been entered online by residents, tracked, and resolved. We also have posted scorecards on our city website that track the quality of our services, from public safety to community life. In the budget we submitted tonight, for the first time in Newton's history, the city budget will be directly connected to strategic outcomes that will be measured from year to year using metrics so we are guided by goals and quality of service delivery not just the bottom line. We designed and implemented a first of its kind capital online data base and assessment that gives us a badly needed plan for all capital and infrastructure in our city. And most importantly as I promised when I campaigned for Mayor, we put in place the first in the commonwealth historic contracts with all 17 of our unions that allow a 2.5% increase in compensation and health care equaling the growth rate in our revenue at 2.5%. This game-changing accomplishment will see the city save 100 million dollars over 5 years.

Thanks to the dedication, leadership and honest dialogue with our union leadership, school committee leadership and city negotiating team, led by CFO Maureen Lemieux, we put in place fair contracts that ensure that we retain and attract the most qualified workforce we can and preserve excellence on our city streets, classrooms and buildings.

Before I took office in January 2010, Newton like many communities across the state had not taken steps to address the growing liability of other post employment benefits so we got to work right away with the Board of Alderman and city finance officials to begin to solve this long term liability. The city has identified and updated Other Post-Employment Benefits (OPEB) unfunded liability of roughly \$630 million, requiring a \$50 million Annually Required Contribution. The city established an O.P.E.B. Trust Fund and appropriated a lump sum of \$137,000 in the FY11 budget and appropriated \$175,000 of Free Cash this year a small but important first step. The FY2013 Budget includes the beginnings of a true 'funding plan' for this liability. The city will set aside 2.5% of the salary for all newly insured employees beginning July 1, 2012, and will gradually increase that percentage each year. It is the expectation that as the City brings on more and more new employees, this funding method will cause this appropriation to grow exponentially. The FY13 appropriation allows the city to continue to "pay as you go" for all OPEB liabilities for current and former employees. We must continue to include additional adjustments to meet the obligation in the future.

In the balanced budget I am submitting to you, the honorable board, tonight, with your help, we continue to build on the implementation of solid fiscal policy and investment in Newton's future started in January 2010.

We anticipate that our recently established rainy day fund, first of its kind in Newton will grow to 8 million dollars this fiscal year, an important step on the road to long term financial stability.

Education is the bedrock of our community and because of my administration's commitment to excellence in the class room, we have made sure the Newton public schools have the resources this year to maintain breadth of program in the classroom with no layoffs. I encourage the legislature to meet the same commitment we have to education and support Governor Patrick's proposed increase in chapter 70 funding.

Public Safety is critical to our success and once again Newton was named 5th safest city in America by CQ press. We anticipate no layoffs in our police and fire departments this year. The FY13 budget reflects investment in training and tools for our personnel to continue to make Newton one of the safest cities in the country.

Our FY13 budget will also reflect a commitment to our capital plan and improving infrastructure and aesthetics of our city. Through the creative thinking of Marc Welch our tree warden and the partnership established with New England Development, we will have a dedicated 3 person in-house crew who will be able to eliminate the back log of tree maintenance in 2 to 3 years from a 10 year backlog. Our new Beautify Newton program

will encourage village and neighborhood organizations to partner with the city to ensure that Newton lives up to its moniker “The Garden City.”

We have also launched Energy Smart Newton, which aims to reduce municipal, residential and commercial energy costs 20% by 2020. The work we’ve done over the past two years and will continue in this budget and the Capital Investment Plan to reduce energy costs in city buildings will yield over 2 million dollars in savings over the next 4 years

And through the work of the Department of Public works, we will have a sound long term plan to repair our aging water and sewer pipes that will stabilize erratic water rates and save our taxpayers millions of dollars in the coming years.

With all of the great progress that has been made in the last two years, we know we have tremendous challenges ahead. Our growing student population, increasing traffic and the need to catch up on many years of deferred maintenance of our buildings and infrastructure is what we must meet head on.

This fall, I will present the first comprehensive step in how we must begin to fund our capital needs, infrastructure and growth in our schools. I have listened to our residents through community meetings and monthly office hours. It’s clear if we are going to continue to be the city we expect to be it means being efficient, transparent, and cost effective. It means being responsible with every tax payer dollar that goes into local government. It also means offering real solutions to meet our challenges in the future. As a community we will need to work together and not fall into the easy silos of division to be successful and ensure that Newton meets its full potential. We all know leadership is never about one person making it happen. The great work done to date is because of the leadership of our Board President Scott Lennon, Vice President Cheryl Lappin, Finance chair Lenny Gentile and the Honorable Board of Alderman, School committee Chair Claire Sokoloff, Vice Chair Matt Hills and SC members; leadership of our Superintendent David Fleischman, Deputy Superintendent Sandy Guryan and NPS staff, COO Bob Rooney and CFO Maureen Lemieux and city staff; Community leaders and those who are passionate about Newton. I look forward to continuing the great progress we’ve made in the weeks and months ahead. Thank you, God bless Newton, the commonwealth and our Country.